



State of California

1993 Annual Report

California Division of Tourism
(California Tourism)

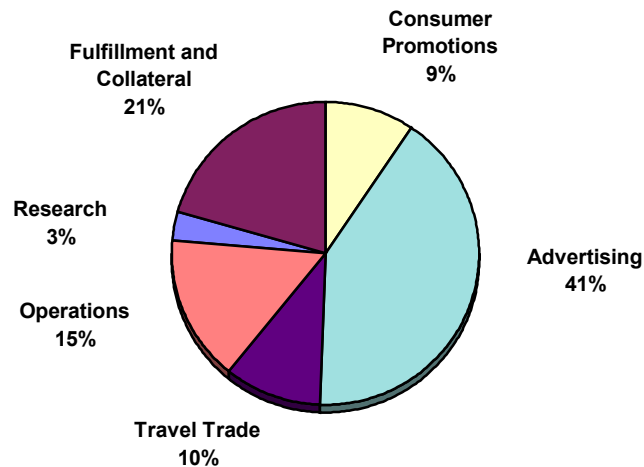
California Technology, Trade & Commerce Agency
Lon S. Hatamiya, Secretary

March 1, 1994

California Division of Tourism

1993 Annual Report

1993/94 Tourism Budget



Budget

Fulfillment and Collateral	1,483,835
Consumer Promotions	722,709
Advertising	3,028,570
Travel Trade	735,475
Media Relations	241,111
Research	263,300

Fulfillment and Collateral

\$1,483,835

Golden California	Regional Brochures
Travel Planning Guide	Bed and Breakfast Inns
Quarterly Magazine	Hotel/Motel Directory
Calendar of Events	Resources Guide

Total 1994 inquiries during the first three months of the year have been running 190% over the same period of 1993, (113,047 versus 47,981 in 1993) with 72,300 coming from the campaign's toll-free line. 93% of the requests are from non-Californians, compared to 82% in 1993. It is reasonable to project that the year will average out to 90% non-Californian.

Assuming that inquiry levels follow normal patterns, resulting in a gradual tapering off as the summer season approaches, we can anticipate at least 300,000 inquiries by the end of 1994.

Calculation of Results:

Estimated 1994 inquiry impacts	
(a)Total projected inquiries (Est 50% above 200,000 in '93)	300,000
(b)Non-residents (90% - based on DPAS reports)	270,000
(c)Non-resident visitor groups converted in 1994 (6%- Tierney)	16,200
(d)Additional spending from converted visitors (\$ estim. - Tierney))	\$47,142,000
(e)Extension rate (Tierney study))	10%
(f)Non-resident groups extending stay (b*e)	27,000
(g)Spending from extended stay visitors(\$ estim. - Tierney)	\$24,921,000
 (h)Total spending generated by fulfillment(d + g)	 \$72,063,000
 (i)Estimated state tax revenue generated	 \$2,720,900
(j)Estimated jobs supported by fulfillment-generated spending by non-Californians alone	900

NOTE: All estimates of state tax revenues and jobs are derived from ratios of state tax revenue to total travel-related spending, and employment to spending in California Travel Impacts byCounty, 1992 : Most numbers have been rounded.

To obtain total tax revenues, visitor spending is multiplied by \$.03775

To obtain travel-supported jobs, visitor spending is divided by \$79,054

Advertising

\$3,028,570

Calculation of results:

The 1993-94 advertising campaign objectives were:

- 1) Stem the decline in travel to California from key Western markets (Seattle, Portland, Salt Lake City, Denver, Las Vegas, Reno, Phoenix, and Tucson.)
- 2) Generate increased travel nationwide.

Between 1991 and 1992, the number of out-of-state residents traveling to California declined approximately 3 percent. The decline in nearby Western markets was particularly severe, dropping from 12.61 to 11.06 million person-trips, a drop of 1.55 million person-trips, or 12.3 percent.

Media and print advertisement will, by the end of the campaign in June 1994 reach the following:

Nationwide target audience	
Reached at least once	92,532,000
Reached at least three times	61,287,721
Key Western markets	
Reached at least once	7,631,350
Reached at least three times	7,149,370

Given this extensive coverage, and reasoning that recent declines may in large part be due to a combination of natural disasters and economic recession which may have an attenuated

impact in 1994, it is reasonable to project that the advertising campaign will help restore lost visitation.

In particular, it is projected that the 1993/94 advertising campaign will generate an additional 1 million visitors from key Western markets and another 1,000,000 from other domestic markets, for a total of 2.0 million visitors over and above benchmark levels reported for 1992.

Anticipated spending generated by the marginal increased in leisure visitors will produce the following:

Increased spending by visitors from West (\$149 x 1 million)	\$149,000,000
Increased spending by visitors from other regions (\$290 x 1 million)	<u>\$290,000,000</u>
Total	\$439,000,000
State tax revenues	\$16,600,000
Jobs	5,560
<u>Consumer Promotions</u>	\$722,700

Calculation of Results

Measureable results are still being tallied for three major consumer promotions: California Dream, California Dream Days and and Ski California. These, together with the Fun Spots promotion, collectively leveraged over \$28 million in private sector promotional dollars.

Regarding Fun Spots, which can be documented readily through sales of the special tour packages, a comparative evaluation of results from the current campaign through March 1994 shows that tour package sales are 195% above last year. Furthermore, actual trips taken so far are 132% over last year, and total coupons redeemed by the participating California attractions are 158% over last year. At this rate, total package sales are expected to exceed 30,000.

Visitor spending(4 persons x 4.8 days x \$103 per day)	\$59,300,000
State tax revenue	\$2,200,000
Jobs	750

<u>Travel Trade Promotions, Trade Shows and Sales Missions</u>	\$735,475
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Calculation of results:

Tourism Division staff meet with and assist tour operators to develop new and expanded tour itineraries at major trade shows such as NTA. These meetings take place in pre-scheduled appointment sessions over a period of 2 1/2 days. The 1993/94 trade show calendar is essentially the same as 1992/93, when staff were able to meet with 84 tour operators.

Data from annual reports by SEA Tourism /Travel Research relative to actual tour volume, number of passenger nights and room nights for all commercial tours to and through California

was analyzed. Increases or decreases in passenger nights associated with companies Division staff had worked with were compared with companies with whom Division staff had no contact.

It was found that, collectively, assisted companies increased their passenger-nights to California 18%, for a total of 76,892 additional passenger nights in California, while the non-assisted companies saw a decrease of 9%.

Domestic visitor spending generated (76,900 x \$65 daily spending by tour passengers, according to a study by NTA)	\$4,998,500
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To calculate the impact of meetings and assistance provided to international tour operators, similar results were attributed to the 1,350 tour operators contacted at trade shows and sales missions to yield approximately 1,235,893 tour passenger nights. This is extremely conservative because of the much longer average length of stay of international travelers. International visitors also spend more, at \$86 per person per day.

International visitor spending generated (1,235,893 x \$86)	\$106,286,798
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Additionally, although 5,535 travel agents were contacted at trade shows and sales missions, results have not been quantified.

Total increased tour passenger nights in California resulting from tour operator assistance	1,312,800
Total spending generated	\$111,285,300
State tax revenue	\$4,201,020
Jobs	1,400

<u>Media Relations</u>	\$241,111
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<u>Research</u>	\$263,300
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SUMMARY OF REVENUE AND JOB IMPACTS

State Tax Revenue	\$25,721,020
Jobs	8,610
Jobs, including Lego	9310
Tourism Budget	\$7,656,174
Return on Investment	\$3.36 for every \$1.00 in state funds

APPENDIX

Other somewhat related findings

The 1994 advertising campaign was launched February 21. Telephone surveys were conducted by San Francisco State University prior to the launch with a randomly selected sample of households in each of the following markets: New York, Chicago, Denver, Phoenix and Albuquerque. Surveys were conducted again with a similar set of households after the ads had been appearing for one month. Additional survey waves will be conducted at two more intervals. Research objectives are: to measure pre and post advertising awareness, changes in interest and intention to travel to California, and the use and effectiveness of the FAX fulfillment option.

Preliminary results from comparing responses of the first "post" survey to the "pre" survey, show the following:

- Awareness of California increased
When asked, "What state first comes to mind when you think of vacation areas in general", first mentions of California increased 8.5%. First mentions of Florida, Hawaii and Colorado declined 9.2%, 12.3% and 5.3% respectively.
- Interest in visiting California increased
When asked, "How interested would you be in taking a vacation to California in the next two years?" the percentage responding that they would be "very interested" increased from 40.8% to 43.8%.

The first "post" wave did not detect any change in stated likelihood to visit California in 1994 (27% versus 27%).